Message Text

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ACTION STR-04

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PRS-01 SP-02 OMB-01 AF-06 ARA-06 EA-07 EUR-12 NEA-10

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O 281100Z JAN 76 FM USDEL MTN GENEVA

TO SECSTATE WASHDC IMMEDIATE 1071

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ACTION STR

PASS STR FOR AMBS DENT AND YEUTTER AND LANDE

E.O. 11652: N/A TAGS: MTN ETRD

SUBJECT: INSTRUCTIONS FOR FEB 16-20 TROPICAL PRODUCTS MEETING

REF: MTN GENEVA 437, STATE 11728, STATE 247261

SUMMARY: MTN DEL HAS IDENTIFIED SEVERAL ISSUES AND RELATED RECOMMENDATIONS TO KEY AGENDA ITEM FOR FEB 16 TROPICAL PRODUCTS MEETING: PARA 2(B) MTN GENEVA 437 DEALING WITH CIRCULATION OF AND FORMAT FOR INITIAL OFFERS. WITH RESPECT TO OTHER AGENDA ITEMS, MTN DEL EXPECTS THAT SOME LDC'S WILL MAKE STATEMENTS FOR THE RECORD UNDER AGENDA ITEM 2(A), REFTEL MTN GENEVA 437, INDICATING THEIR DISAPPOINTMENT WTIH PRODUCT COVERAGE INDICATED BY DC'S DURING PRELIMINARY SUBSTANTIVE REACTION STAGE AND MAY MAKE REFERENCE TO NONRECIPROCAL NATURE OF CONCESSIONS LIMITED OFFICIAL USE

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ON TROPICAL PRODUCTS UNDER AGENDA ITEMS 2(C) AND 2(D) BUT

EXPECTS THESE ITEMS WILL BE CARRIED OVER TO SUBSEQUENT MEETING. FOCUS WILL BE ON AGENDA ITEM 2(B) BECAUSE OF TIME PRESSURE TO TAKES DECISIONS OF THE CIRCULATION OF OFFERS GIVEN JUXTAPOSITION OF MEETING TO MARCH 1 DATE FOR TABLING OF OFFERS. END SUMMARY.

1. CIRCULATION OF OFFERS. MTN DEL EXPECTS THAT MOST DC'S WILL ACCEPT THE PRINCIPLE OF CIRCULATION OF OFFERS TO ALL PARTICIPANTS. JAPANESE AND AUSTRALIAN DELEGATIONS EXPRESSED MOST RESERVATIONS ON THIS ISSUE IN THE OCT MEETING BUT WE UNDERSTAND AUSTRALIA WILL DROP ITS OB-JECTION AND HAVE BEEN TOLD PRIVATELY BY UKAWA OF THE JAPANESE DEL THAT THEIR OBJECTIONS IN OCT WERE PRIMARILY TO BUY TIME. KEY QUESTION IS THE DIFINITION OF PARTI-CIPANTS. THEY HAVE BEEN DEFINED BY MOST DELEGATIONS AS COUNTRIES WHICH HAVE MADE OR RECEIVED REQUESTS. PRINCIPAL LDC OBJECTIVE ON THIS ISSUE IS TO KNOW OF OFFERS (OR LACK OF OFFERS) MADE TO OTHER REQUESTING COUNTRIES. FOR EXAMPLE, IN THIS MANNER A COUNTRY SUCH AS BRAZIL. WHICH MADE NO REQUEST ON COCOA BUTTER. WOULDE BE AWARE OF DC'S OFFERS ON COCOA BUTTER TO OTHER COUNTRIES. MTN DEL RECOMMENDS THAT US TAKE THE POSI-TION THAT PARTCIPANTS BE DEFINED AS COUNTRIES HAVING A TRADE INTEREST IN AN ITEM AND THAT AN OFFER ON SUCH ITEM BE CIRCULATED TO ALL COUNTRIES HAVE A TRADE INTEREST IN THAT ITEM. IN PRIVATE DISCUSSIONS WE WOULD INDICATE THAT THIS WOULD BE OUR METHOD FOR BRINGING NONREQUESTING COUNTRIES SUCH AS KOREA, SPAIN, AND PORTUGAL INTO THE NEGOTIATIONS. SUCH A DEFINITION OF PARTICIPANTS WOULD BE CONSISTENT WITH OUR OBJEC-TIVE OF SEEKING RECIPROCITY FROM PRINCIPAL AND SUB-STANTIONAL SUPPLIERS FOR AN ITEM ON WHICH WE ARE OFFER-ING CONCESSIONS. THIS FORMULATION WOULD ALSO ASSURE THAT DC'S EXCHANGE OFFER LISTS TO THE EXTENT THEIR OFFERS AFFECT THE TRADE INTERSTS OF OTHER DC'S.

2. FORM OF US OFFER. FORM OF US OFFER COULD BE EITHER: (A) ONE LIST OF ALL INITIAL MFN CONCESSIONS WE PREPARED TO OFFER, OR; (B) INDIVIDUAL NOTIFICATIONS TO EACH COUNTRY VIA SECRETARIAT OF OFFERS US MAKING LIMITED OFFICIAL USE

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ON MFN BASIS IN WHICH IT HAS/HAS HAD TRADE OR MADE A REQUEST. MTN DEL RECOMMENDS OPTION (B) FOR REASONS SET OUT IN FOLLOWING PARAGRAPHS.

3. CONSOLIDATION OF OFFER LISTS. MTN DEL EXPECTS LDC'S TO REQUEST SECRETARIAT CONSOLIDATION OF INITIAL OFFERS BY DC'S IN A MANNER SIMILAR TO CONSOLIDATION OF REQUESTS (MTN/TP/11). MTN BELIEVES WE SHOULD

INITIALLY BE OPPOSED TO SUCH A CONSOLIDATION AS PREMATURE AND REQUEST WASHINGTON DEVELOP TALKING POINTS BASED ON PREVIOUS NEGOTIATIONS TO SUPPORT THIS POSITION. DELEGATION SHOULD BE AUTHORIZED TO ACCEPT A CONSOLIDATION BY OFFERING COUNTRY IF NECESSARY BUT NOT ON A PRODUCT BASIS WHICH WOULD FORMA BASIS FOR COMPARISONS, OFTEN SPECIOUS, OF DC OFFERS. MTN DEL ADDITIONALLY CONCERNED THAT UNCTAD SECRETARIAT MAY ATTEMPT TO CONSULIDATE INDIVIDUAL OR COLLECTIVE DC OFFERS.

4. CONTINUED UNCTAD PARTICIPATION. MTN DEL ALSO CONCERNED WITH PRECEDENT EFFECT OF ACQUIESCING TO CONTINUED UNCTAD PRESENCE IN TROPICAL PRODUCT (TP) MEETINGS. SINCE THE GROUP IS ENTERING THE NEGOTIATING PHASE, WE BELIEVE THAT WE SHOULD EXPLORE WITH OTHER DC'S CURRENT POSITION WITH RESPECT TO UNCTAD. LAST UNDERSTANDING WE AWARE OF OCCURED PRIOR TO FEB '75 TNC. EC, JAPAN, CANADA AND US IN AGREEMENT THAT UNCTAD BE EXCLUDED FROM NEGOTIATING SESSIONS AND CONFIDENTIAL NEGOTIATING DOCUMENTS (GENEVA 0422). MTN DEL CONSIDERS US OFFERS ON COUNTRY OR COLLECTIVE BASIS AS CONFIDENTIAL NEGOTIATING DOCUMENTS. PRE-VISOUSLY UNCTAD COMMODITIES DIVN HAS PREPARE AN EVALUATION OF REQUESTS MADE OF THE US AND OTHER DC'S ON A COUNTRY-BY-COUNTRY BASIS BASED ON MTN/TP/ 11. AMONG OTHER THINGS, THIS DOCUMENT IDENTIFIES PRODUCTS ON WHICH THE GROUP OF 77 COORDINATING CMTE SHOULD DEVELOP COMMON POSITION (MATERIAL BEING TRANSMITTED TO WASHINGTON SEPARTELY).

5. FORMAT OF OFFERS. A PRINCIPAL TASK OF THE GROUP WILL BE TO DETERMINE THE FORMAL FOR OFFERS. ALTHOUGH LIMITED OFFICIAL USE

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LARGELY A PROCEDURAL ISSUE, THE FORMAT OFR ISSUES CAN UNNECESSARILY LIMIT OUR FLEXIBILITY. SECRETARIAT PRIOR TO JUNE 1975 MEETING OF THE GROUP CIRCULATED A SAMPLE FORMAT TO SEVERAL KEY DELEGATIONS (NOT CIRCULATED OR CONSIDERED BY THE FULL GROUP(WHICH WAS REPORTED MTN GENEVA 4271. THIS FORMAT REQUIRED DESCRIPTION OF ALL ITEMS REQUESTED, IDENTIFICATION OF REQUESTING COUNTRIES, RESPONSES TO ALL ITEMS INCLUDING EITHER INITIAL OFFER OR THE STATEMENT "NO INITIAL OFFER", IDENTIFICATION OF COUNTRIES TO WHOM OFFER IS MADE, AND IDENTIFICATION OF CONDITIONS PLACED ON OFFER. SECRETARIAT ANTICIPATED THAT BOTH TARIFF AND NON-TARIFF MEASURE REQUESTS WOULD BE RESPONDED TO IN THIS FORMAT.

PAPER. THEY REPRESENT THE MOST FAVORABLE OUTCOME THE US COULD EXPECT. WE DO NOT, HOWEVER, COUNT ON A GREAT DEAL OF SUPPORT FROM OTHER DC'S ON THE PROPOSED PROCEDURAL POSITIONS. IN THE EVENT THAT OTHER MORE SUBSTANTIVE ISSUES SUCH AS RECIPROCITY AND IMPLEMENTATION ARE RAISED, US WOULD BE IN POSITION OF ISOLATION THROUGHOUT MEETING. CONSEQUENTLY, DEL REQUESTS THAT ITS INSTRUCTIONS WITH RESPECT TO FORMAT BE FLEXIBLE IN ORDER TO MEET TACTICAL EXIGENCIES.

A. ITEMS COVERED. SECRETARIAT PAPER ASSUMES THAT EVERY ITEM WILL BE RESPONDED TO IN AN INITIAL OFFER LIST. THIS HAS THE ADVANTAGE THAT THE US CAN

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INDICATE FORTHCOMING TREATMENT SINCE MORE THAN HALF
OF THE REQUESTED ITEMS ARE CURRENTLY UNDER GSP AND
MANY OTHER TROPICAL PRODUCTS (COFFEE, TEA, COCOA BEANS, ETC.)
ARE ALREADY DUTY FREE. THE US, HOWEVER, HAS REQUESTS
ON MORE THAN 650 ITEMS AND THE COSTS

AND LOGISTICS OF MAKING AND CIRCULATING OUR OFFER
HAVE TO BE CONSIDERED. MTN DEL RECOMMENDS THAT US
IDENTIFY ITEMS ON WHICH US PREPARED TO MAKE INITIAL
MFN OFFERS AND IDENTIFY ITEMS FOR WHICH GSP TREATMENT
WAS REQUESTED WHICH NOW INCLUDED IN GSP MAKING THE
NOTATION IN THE OFFER COLUMN (WHERE NO MFN OFFER IS
BEING MADE) "NO INITIAL OFFER". IN THIS FASHION WE
PRESERVE OUR POSITION THAT GSP IS NOT A LEGITIMATE
OFFER. IF US ISOLATED ON THIS ISSUE, AS FALLBACK WE
REQUEST AUTHORIZATION TO ACCEPT SECRETARIAT'S SUGGESTION.
B. GATT SECRETARIAT PAPER CONTAINS COLUMN IN
WHICH OFFERING COUNTRIES IDENTIFY COUNTRIES TO WHICH OFFERS WILL
BE MADE. MTN DEL RECOMMENDS THAT THIS SHOULD BE OPPOSED SINCE.
WE ARE MAKING MFN OFFERS TO NO PARTICULAR COUNTRY. THIS
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CONSISTENT WITH OUT PRELIMINARY POSITION THAT RECIPROCITY NOT TIED TO ITEM-BY-ITEM BASIS. IN THIS CONNECTION, SUBJECT OF NR'S HAS NOT BEEN RAISED IN BILATERAL CONSULTATIONS OR GROUP TO DATE, MTN DEL BELIEVES GUIDANCE IN TPSC 75-26 IS SUFFICIENT IF INR'S RAISED DURING FEB MEETING. C. GATT SECRETARIAT FORMAT CONTAINS COLUMN IN WHICH OFFERING COUNTRY WOULD IDENTIFY CONDITIONS ON WHICH OFFER IS BASED. MTN DEL RECOMMENDS THAT INTIAL OFFERS NOT SPECIFY CONDITIONS BUT RATHER SHOULD BE OUALIFIED BY AN APPROPRIATE HEAD NOTE SPECIFIYING THAT CONDITIONS WILL BE IDENTIFIED IN SUBSEEQUENT BILATERAL AND PLURILATERAL CONSULTATIONS. CONDITIONS ON OFFERS ULTIMATELY WILL BECOME KNOWN BUT SHOULD BE DISCUSSED BILATERALLY PRIOR TO DISCUSSION IN PLURI-LATERAL/MULTILATERAL FRAMEWORK AS APPROPRIATE. D. IDENTIFICATION OF THE SPECIFIC OFFER (E.G., PROPOSED NEW RATE OF DUTY) IS ASSUMED BY SECRETARIAT. THIS IS A PARTICULARLY DIFFICULT ISSUE BECAUSE THERE IS NO CURRENT AGREEMENT ON GENERAL TARIFF FORMULA. MTN DEL BELIEVES THAT US UNLIKELY TO BE N A POSITION TO IDENTIFY DEPTH OF CUT ON INDIVIDUAL OFFERS BY MAR 1 BECUASE THIS DECISION IS DEPENDENT ON ACHIEVING SUFFICIENT LDC AND DC CONTRIBUTIONS TO TROPICAL PRODUCTS PACKAGE. MTN DEL SHOULD SEEK TO ACHIEVE AGREEMENT ONA FORMAT FLEXIBLE ENOUGH TO PERMIT GENERAL OFFER SUCH AS "UP TO MAXIMUM AUTHORITY PERMITTED UNDER TRADE ACT DEPENDENT ON ACHIEVING CONDITIONS RELATED TO OFFER". OUR REASONS FOR THIS IS THAT PULLBACK FROM MAXIMUM INITIAL OFFES WILL BE DIFFICULT, PARTIAL OFFRS WOULD HAVE TO BE ARBITRARILY SET AND WILL BE DIFFICULT TO INCREASE BECUASE OF DOMESTIC PRESSURES. ADDITIONALLY, SPECIFIC REQUESTS FOR RECIPROCITY NOT KNOWN THUS WE CAN ONLY ESTIMATE

ABILITY TO ACHIEVE THEM. ALSO BELIEVE THIS FORMULATION MAXIMIZES LEVERAGE FOR LDC CONTRIBUTIONS.

E. GATT SECRETARIAT FORMAT IDENTIFIES COUNTRIES WHICH MADE REQUESTS ON AN ITEM. WE HAVE NO OBJECTION TO THIS. WE PROPOSE THE US SUGGEST THAT THE FORMAL ALSO IDENTIFY PRINCIPAL AND SUBSTANTIAL SUPPLIERS TO OFFERING COUNTRY'S MARKET IN ORDER TO IDENTIFY NON-LIMITED OFFICIAL USE

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REQUESTING MAJOR SUPPLIERS, LIKELY PARTICIPANTS IN PLURILATERAL CONSULATINS, AND TO ASSESS IMPACT OF OTHER DC OFFERS ON OUR COMMERCIAL INTERESTS.

F. SUGGESTED GATT SECRETARIAT FORMAT COMBINES OFFERS ON TARIFF AND NO,-TARIFF BARRIERS REQUESTED.

US NOT PREPARED TO MAKE OFFERS ON NON-TARIFF MEASURES, IN THE TP EXERCISE. THIS UNION LIKELY TO SHOW OUR OFFER IN MOST PROPITIOUS LIGHT.

6. AGENDA ITEM 2(A). MTN DEL EXPECTS SOME LDC'S TO EXPRESS DISCONTENT WITH PRODUCT COVERAGE INDICATED IN PRELIMINARY SUBSTANTIVE REACTIONS BY DC'S. ONE FORM THIS LIKELY TO TAKE IS TO POINT OUT THAT ONE DC IS DEALING WITH A PRODUCT IN THE TP GROUP WHILE ANOTHER IS NOT. FOR EXAMPLE, EC PLANS TO MAKE OFFER ON TOBACCO, US DOES NOT. CANADIANS PLAN OFFER CONCENTRATED ORANGE JUICE, THE EC DOES NOT. OUR CONCERN IS THAT LDC'S WILL ATEMPT TO WHIPSAW DC'S BECAUSE OF THIS DIFFERING PRODUCT COVERAGE. TO DATE, MTN DEL HAS NOT HAD TO RESOR TO DEFINITION QUESTIONS BUT BELIEVE ONLY METHOD TO COMBAT WHIPSAW IS A PRESENTATION OF THE FACTS. REQUEST THEREFORE THAT WASHINGTON PREPARE BACKGROUN INFORMATION ON SEVERAL PRODUCTS ON REQUEST LISTS TO INDICATE NON-TROPICALITY OF A PRODUCT (TOBACCO, CITRUS, SUGAR, FRUTIS, AND VEGATBLES, AND OTHER BELIEVED APPROPRIATE). BACKGROUN INORMATION SHOULD INCLUDE DOMESTIC PRODUCTIN FIGURES, PERCENTAGE OF IMPORTS TO TOTAL CONSUMPTION, ETC., AND WILL BE USED ONLY IF NECESSARY.

7. AGENDA ITEMS 2(C) AND (D). TWO ISSUES LIKELY TO BE RAISED BUT NOT NECESSARILY DECIDED UNDER THESE AGENDA ITEMS ARE: RECIPROCITY AND IMPLEMENTATION. MTN DEL DOES NOT REQUIRE FURTHER INSTRUCTIONS ON NEED FOR LDC CONTRIBUTIONS TO A TP PACKAGE. WITH RESPECT TO IMPLEMENTATION, MTN DEL RECOMMENDS THAT US MAINTAIN LOW PROFILE ON THIS ISSUE GIVEN PROBLEMS OTHER DC'S HAVE WITH EARLY IMPLEMENTATION. WE BELIEVE, HOWEVER, THAT LDC DESIRE TO ACHIEVE RESULTS THIS YEAR, EC PUBLIC POSTURE OF JAN 1, 1977 IMPLEMENTATION, AND GENERAL DC DESIRE TO TAKE PRESSURE OFF UNCTO IV BY

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FORTHCOMING TP POSITIONS, THAT CONSIDERABLE PRESSURE MAY EMERGE ON JAN 1, 1977 OR SOONER. WE DO NOT BELIEVE, HOWEVER, THAT THE US CAN GO BEYOND SECY KISSINGER'S STATEMENT AT SEVENTH SPECIAL SESSION, "IMPLEMENTATIONAS EARLY AS POSSIBLE."

8. OTHER ISSUES. MTN DEL BELIEVES ADEQUATE GUIDANCE EXISTS FOR OTHER ISSUES IN STATE 247261 AND TPSC 75-26.

9. NEXT MEEING. LDC'S MAY REQUEST ADDITIONAL MEETING OF TP GROUP PRIOR TO UNCTAD IV. WHILE WE WOULD PREFER TO DEFER NEXT TP GROUP MEETING UNTIL BILATERAL AND PLURALATERAL NEGOTIONS WILL BE ADVANCED, MTN DEL RECMMENDS IT BE AUTHORIZED AGREE EARLIER MEET ING SHOULD CONSENSUS DEVELOP, ESPECIALLY IN VIEW NEGATIVE US POSITION ON ADDITIONAL TNC MEETING PRIOR TO UNCTAD IV. WALKER

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